

KT URBAN

September 21, 2015

Mr. Richard Keit
Managing Director
Successor Agency to the RDA
City of San Jose
200 E Santa Clara Street
San Jose, CA 95113

Re: Former Plaza Hotel | 96 Almaden Avenue

Dear Mr. Keit:

This letter sets forth the general terms and conditions upon which KT Properties Urban, Inc. dba KT Urban or assigns ("Buyer"), would purchase the above-referenced property, together with all improvements and appurtenant rights associated therewith (collectively, the "Property") from the Successor Agency to the Redevelopment Agency of the City of San Jose ("Seller") pursuant to the drafting and execution of a mutually acceptable Agreement for Purchase and Sale of Real Property and Escrow Instructions ("Purchase Agreement"). The Purchase Agreement shall embody the definitive agreement of the parties including, without limitation, the following:

1. Property. The "Property" consists of 4,365 (+/-) square feet located near the intersection of San Fernando Street and S Almaden Avenue in the City of San Jose, County of Santa Clara, State of California. The property is further described as having Assessor Parcel Numbers 259-40-071.

2. Purchase Price. The "Purchase Price" for the Property shall be Nine Hundred Thousand Dollars (\$900,000).

3. Terms of Purchase Price. The Purchase Price, or any portion thereof, shall be payable in cash, less any and all normal and customary closing costs and allocations, less the Deposits (each as defined below) together with any earned interest thereon.

4. Escrow. Within five (5) business days after the date a Purchase Agreement is executed by the parties (the "Agreement Date"), an Escrow shall be opened with First American Title Company at 1737 N. First Street, San Jose, CA (the "Title Company").

5. Feasibility. No later than five (5) business days after executing the Purchase Agreement, Seller shall deliver to Buyer a current preliminary title report and copies of any tests, surveys, development budgets, contracts, agreements, reports, studies, maps, plans, records, permits and correspondence related to the Property and available to Seller. Seller shall cooperate with Buyer's due diligence efforts. Buyer will be responsible for and pay all third party costs and expenses incurred as a direct result of its investigation, inquiries, etc. Buyer shall have ninety (90) days from execution of the Purchase Agreement and delivery of Seller's documents noted above (the "Feasibility Period") to review, in Buyer's sole discretion, the condition and suitability of the Property for Buyer's intended use, including but not limited to development costs, financial and market feasibility, condition of title, and the physical condition of the Property.

6. Right of Entry. From and after the date this letter is accepted by Seller through the Closing, Buyer, its agents, employees and contractors shall have the right to enter the Property for the purposes of conducting such investigations, inspections and tests of the Property as Buyer deems necessary in order to determine the condition and suitability of the Property including, but not limited to, the feasibility matters outlined above. Buyer shall indemnify and hold Seller harmless from and against any and all loss, expense, claim, damage and injury to person or property resulting from grossly negligent acts of Buyer, its employees, consultants, engineers, authorized agents and contractors on the Property in connection with the performance of any investigation of the Property as contemplated herein; provided that Buyer shall have no responsibility or liability for any act or omission of Seller or Seller's agents, employees or contractors and/or for any adverse condition or defect on or affecting the Property not caused by Buyer or its employees, agents, contractors, or subcontractors but discovered or impacted during their inspections.

7. Initial Deposit. Within five (5) business days after the opening of Escrow, Buyer shall deposit into Escrow the sum of Fifty Thousand Dollars (\$50,000) (the "Initial Deposit"). The Initial Deposit will be placed in an interest bearing account for the benefit of Buyer and will remain refundable to Buyer until Buyer has delivered written notice of its approval of the condition of title to the Property and approval of the feasibility matters. In the event that Buyer fails to deliver its written approval of such matters, the Purchase Agreement shall be immediately terminated and the Initial Deposit, together with all earned interest, shall be immediately returned to Buyer. If Buyer delivers written notice of approval to escrow, the Initial Deposit shall become non-refundable except in the event of Seller's default, remain in escrow until the Closing and be applied against the Purchase Price.

8. Close of Escrow. The close of escrow (the "Closing") shall occur sixty (60) days after satisfaction or waiver of, among others, the following conditions:

- a. Buyer's approval of the Property's feasibility and condition of title.
- b. At the Closing the Title Company shall have committed to issue to Buyer an ALTA Form B Extended Coverage Title Insurance Policy with liability in the amount of the Purchase Price subject only to exceptions to title approved by Buyer.

9. Closing Costs and Escrow Fees. In the event of a Closing, Buyer shall pay (a) the premium cost attributable to the ALTA portion of the Title Policy, (b) recording charges for the grant deed, and (c) one-half (1/2) of Escrow Holder's fees. In connection with a Closing, Seller shall pay (a) the premium cost of the CLTA portion of the Title Policy, plus the cost of any endorsements thereto required to cure disapproved exceptions, (b) all County and City transfer taxes and fees, and (c) one-half (1/2) of Escrow Holder's fees. All other costs related to the transaction shall be paid by the parties in the manner consistent with common practice in residential bulk lot transactions in the County. Current non-delinquent real property taxes and assessments shall be prorated between Buyer and Seller as of the date of closing on the basis of a thirty-day month.

10. Brokerage Fee. Buyer and Seller agree that there are no brokers involved in this transaction. Buyer and Seller shall defend each other and hold each other harmless against any other future claims.

11. Tenant Estoppel Certificates and Beneficiary Statements. If applicable, fifteen days prior to close of escrow, Seller shall provide Buyer with a copy of all Tenant Estoppel Certificates.

12. Possession. Buyer shall be entitled to possession of the Property at close of escrow free of any leases or other encumbrances other than those expressly approved by Buyer in writing.

13. Seller's Representations and Warranties. Seller shall provide Buyer with standard representations and warranties with respect to the Property including without limitation, the condition of title to the Property; the existence of any wetlands, endangered species or protected habitat, flora or fauna on the Property; the absence of hazardous or toxic materials; the existence of any eminent domain, condemnation, or assessment district proceedings, or any moratorium or governmental policies precluding or inhibiting the development of the Property.

14. Non-Binding Intent of the Parties. This letter constitutes an expression of intent only regarding the terms and conditions on which Buyer would purchase the Property from Seller and shall not be deemed to create a binding obligation between Buyer and Seller unless and until a definitive Purchase Agreement embodying the terms hereof, and any other terms acceptable to the parties in their sole discretion, is executed by both Buyer and Seller.

Should the forgoing meet with your approval, please execute the copy of this letter enclosed herewith and return it to us. Our willingness to enter into negotiations to purchase the Property upon the terms and conditions set forth above is conditioned upon the Buyer's execution of a counterpart to this letter on or before 5:00 p.m., **September 30, 2015**, indicating that you are satisfied with the above terms and conditions and are willing to proceed accordingly. At such point, Buyer will begin drafting the definitive agreement and deliver to Seller within ten (10) business days.

Notwithstanding the foregoing, Seller agrees not to solicit offers or negotiate any other potential buyer from and after the execution of this LOI for a period of thirty (30) days in order to allow the parties ample time to prepare and execute an acceptable and binding and enforceable purchase agreement.

Sincerely,



Mark Tersini
Senior Vice President
KT Properties Urban, Inc.

Agreed to and accepted by on this _____ day of _____ 2015.

Seller:

Richard Keit
Managing Director
Successor Agency to the RDA
City of San Jose

September 30, 2015

Mark Tersini, Senior Vice President
KT Properties Urban, Inc.
21710 Stevens Creek Blvd. Suite 200
Cupertino, CA 95014

Subject: 96 Almaden Avenue/Former Plaza Hotel

Dear Mr. Tersini:

This letter is in response to your letter dated September 21, 2015, offering to buy the former Plaza Hotel for \$900,000. As your letter states your offer is an expression of intent and shall not be deemed as a binding obligation between the buyer and seller. Furthermore, you indicated that the buyer and seller would enter into negotiations to purchase the property if the Successor Agency signs your letter by September 30, 2015, and is satisfied with the terms and conditions outlined therein.

As we have discussed, I am not authorized to accept your offer. The Redevelopment Dissolution Law requires all property dispositions to be for fair market value and approved by its Oversight Board and the State Department of Finance. Furthermore, the Oversight Board has adopted procedures to ensure fair market value is received. Currently, there are two approved methods of sales:

1. Direct Sale whereby every taxing entity was provided an opportunity to notify the Successor Agency of interest in the property, complete an appraisal and purchase for the appraised price; or
2. Through an open solicitation process notifying the public that a property is for sale and after a sixty day due diligence period the highest bidder will be selected to acquire the property.

If you remain interested in purchasing the property please notify me in writing with a time extension of your offer to at least October 30, 2014. I will inform the Successor

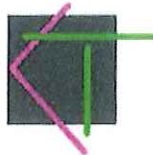
Agency Board/City Council and Oversight Board of your request to acquire the Plaza Hotel and seek direction.

Sincerely,



Richard A. Keit
Managing Director

c: Norberto Duenas
David Sykes
Jacky Morales-Ferrand



KT URBAN

October 1, 2015

Mr. Richard Keit
Managing Director
Successor Agency to the RDA
City of San Jose
200 E Santa Clara Street
San Jose, CA 95113

Re: Former Plaza Hotel | 96 Almaden Avenue

Dear Mr. Keit:

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6. Right of Entry. From and after the date this letter is accepted by Seller through the Closing, Buyer, its agents, employees and contractors shall have the right to enter the Property for the purposes of conducting such investigations, inspections and tests of the Property as Buyer deems necessary in order to determine the condition and suitability of the Property including, but not limited to, the feasibility matters outlined above. Buyer shall indemnify and hold Seller harmless from and against any and all loss, expense, claim, damage and injury to person or property resulting from grossly negligent acts of Buyer, its employees, consultants, engineers, authorized agents and contractors on the Property in connection with the performance of any investigation of the Property as contemplated herein; provided that Buyer shall have no responsibility or liability for any act or omission of Seller or Seller's agents, employees or contractors and/or for any adverse condition or defect on or affecting the Property not caused by Buyer or its employees, agents, contractors, or subcontractors but discovered or impacted during their inspections.

7. Initial Deposit. Within five (5) business days after the opening of Escrow, Buyer shall deposit into Escrow the sum of Fifty Thousand Dollars (\$50,000) (the "Initial Deposit"). The Initial Deposit will be placed in an interest bearing account for the benefit of Buyer and will remain refundable to Buyer until Buyer has delivered written notice of its approval of the condition of title to the Property and approval of the feasibility matters. In the event that Buyer fails to deliver its written approval of such matters, the Purchase Agreement shall be immediately terminated and the Initial Deposit, together with all earned interest, shall be immediately returned to Buyer. If Buyer delivers written notice of approval to escrow, the Initial Deposit shall become non-refundable except in the event of Seller's default, remain in escrow until the Closing and be applied against the Purchase Price.

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Notwithstanding the foregoing, Seller agrees not to solicit offers or negotiate any other potential buyer from and after the execution of this LOI for a period of thirty (30) days in order to allow the parties ample time to prepare and execute an acceptable and binding and enforceable purchase agreement.

Sincerely,



Kenneth S. Tersini
President
KT Properties Urban, Inc.

Agreed to and accepted by on this _____ day of _____ 2015.

Seller:

Richard Keit
Managing Director
Successor Agency to the RDA
City of San Jose